

Message Text

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ORIGIN XMB-04

INFO OCT-01 AF-10 ISO-00 EB-08 TRSE-00 OMB-01 /024 R

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-----150750Z 084593 /12

R 142211Z APR 77
FM SECSTATE WASHDC
TO AMEMBASSY KINSHASA

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E.O. 11652:N/A

TAGS: EGEN, CG

SUBJECT:INGA-SHABA TRANSMISSION LINE

REFERENCE: (A) STATE 066774, (B) KINSHASA 3084,
(C) KINSHASA 3117

1. EXIMBANK UNDERTOOK THOROUGH REVIEW STATUS INGA-SHABA
LINE APRIL 6. PRIMARY CONCERN CONTINUES TO BE GOZ
ARREARAGES ON INTEREST OWING EXIMBANK AND ITS GUARANTEED
LENDERS. INTEREST DUE THROUGH MARCH 31 WAS DOLS. 10.5
MILLION OF WHICH DOLS. 0.3 MILLION HAD BEEN PAID. WHILE
EXIMBANK ENCOURAGED THAT GOZ MAY SOON MAKE INTEREST
PAYMENTS ON INGA-SHABA CREDITS (REF. B) PROBLEM ACTUALLY
RELATES TO ALL GOZ DIRECT OR GUARANTEED CREDITS (REF. A).
THESE ARREARAGES PLACE EXIMBANK IN POSITION OF BEING
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REQUESTED TO SANCTION NEW DISBURSEMENTS TO BORROWER/
GUARANTOR IN DEFAULT, A POSITION WHICH EXIMBANK HAS
CONSISTENTLY BEEN UNPREPARED TO ACCEPT. DETAILED ESTIMATE
1977 DEBT SERVICE DUE EXIMBANK AND ITS GUARANTEED LENDERS
BEING POUCHED IN DATA FOR DELIVERY TO OGDEP.

2. ACCORDINGLY, EXIMBANK HAS REAFFIRMED ITS HOLD ON FINAL

DOLS. 2.0 MILLION DISBURSEMENT OF DOLS. 34.0 MILLION
ORIGINAL LOCAL COST CREDIT AND CONTINUES RELUCTANT TO

APPROVE DISBURSEMENT OF ADDITIONAL PROJECT FINANCING
BEYOND DOLS. 8.0 MILLION BALANCE IN LETTER OF CREDIT NOW
HELD BY CIS. CURRENT BALANCE IN LETTER OF CREDIT SHOULD
PROVIDE PERIOD OF 2 - 3 MONTHS FOR GOZ TO MAKE ALL
INTEREST PAYMENTS.

3. IN MEETING APRIL 4 M-K REPS. ADVISED ADDITIONAL
U.S. COSTS REQUIRED TO COMPLETE PROJECT ESTIMATED AT
DOLS. 25.0 MILLION AND COMPLETION DATE POSTPONED TO
JANUARY 1979. THEY STATED ANY GOZ APPLICATION FOR
ADDITIONAL INGA-SHABA FINANCING SHOULD BE SUBMITTED BY
MAY 1 TO AVOID FURTHER DISRUPTION OF SCHEDULE.

4. ALTHOUGH SITUATION IN KOLWEZI AREA IS OF CONCERN TO
EXIMBANK, REASON FOR ABOVE ACTIONS RELATES TO NON-
PAYMENT OF INTEREST WHICH EXIMBANK HOPES EMBASSY CAN
ASSIST IN RECTIFYING.

5. THE DEPARTMENT REGARDS THIS ISSUE AS AN IMPORTANT ONE,
AND WILL BE THOROUGHLY REVIEWING OUR POSITION OVER THE
COMING DAYS. WE ENCOURAGE YOUR EFFORTS TO COLLECT
ARREARAGES. WE ARE PARTICULARLY CONCERNED ABOUT THE
ADVERSE IMPACT THE HOLD IN DISBURSEMENTS MAY HAVE ON THE
INGA-SHABA PROJECT. WE WOULD THEREFORE APPRECIATE ANY
ADDITIONAL INFORMATION YOU CAN PROVIDE ON THE EXTENT TO
WHICH THE CURRENT "HOLD" IS BINDING INGA-SHABA OPERATIONS,
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OR FOSTERING OTHER ECONOMIC OR POLITICAL DISRUPTIONS.
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Message Attributes

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